Study Of Financial Results And Reporting Trends In The Gaming Industry 1983

Laventhol & Horwath
Certified Public Accountants

Third Annual Study of Financial Results and Reporting Trends in the Gaming Industry

Contents

1983 Edition

3 Introduction

4 Corporations Included in This Study

6 The Casino Gaming Industry—An Overview by Financial Analysts

10 Consolidated Corporate Operating Results

12 Comments on Operating Results From Letters to Shareholders

16 Gross Operating Profit of Gaming Operations

18 Casino Revenue and Promotional Allowances

19 Gaming Operating Profit as a Percentage of Gaming Assets

20 Corporate Interest Expense, Depreciation and Amortization

22 Total Assets, Shareholders' Equity, Return on Shareholders' Equity and Debt-to-Equity Ratio

25 1982 Atlantic City Summary

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Introduction

The economy provided America's gaming industry with many challenges in 1982. While the recession clearly took its toll in Nevada, a thorough analysis of the industry's operating results highlights many strong points. Some operations showed themselves to be highly resilient segments of the nation's leisure time economy.

Unfortunately, in bottom-line results many casino/hotel corporations did not measure up to their previous achievements, and such information frequently made newspaper and magazine headlines. Although the 15 companies analyzed in this annual Laventhol & Horwath study posted a modest 6.4 percent increase in total revenue, net income declined 39.2 percent.

The nation's economic conditions were not the sole cause of this decline. In some cases, the drastically lower earnings were attributable to write-offs, write-downs or additional provision for doubtful accounts (many due to the devaluation of the Mexican peso or events in other foreign jurisdictions).

In some instances, poor showings could be traced directly to management. Operators who failed to control credit policies tightly or react quickly enough to the changing economy suffered particularly troublesome consequences.

The year's mixed results also highlight another major trend that will become increasingly significant in the coming years: the casino gaming industry no longer can be considered monolithic; it no longer can be analyzed on a single set of circumstances. Atlantic City forever shifted the Las Vegas Strip axis around which the casino world once revolved.

On the national level, the total gaming win of casino/hotels in the United States reached $4.1 billion in 1982, a 15 percent increase over the 1981 total of $3.6 billion. By far the largest increase was in Atlantic City properties, where gaming win reached a total of $1.5 billion. By contrast, the total gaming win of Nevada casinos was $2.6 billion, a scant 3.8 percent increase over the $2.5 billion win of 1981. Significantly, for the first year since legalized gaming came to the New Jersey shore, there was no increase in casino capacity in 1982 and comparisons between years became more meaningful. Construction began on the first of the new wave of casino/hotels, and operating data indicate that the additional capacity should be absorbed quickly.

The statistical information in this study has been assembled from annual reports to shareholders, 10-Ks filed with the Securities and Exchange Commission and publicly available reports filed with the New Jersey Casino Control Commission.

Because there are wide differences in the ways companies record costs in operating statements, and because some of the companies derive all their revenue from casino/hotel gaming operations while others derive only a portion of revenue from gaming, direct comparisons of corporate operating results may not be meaningful. The operating results and percentages in this study should not be considered standards for the industry, nor are they necessarily desirable goals.

The operations reviewed in this study account for nearly 70 percent of the total legalized-casino revenue in the United States, and 100 percent of the casino revenue produced in Atlantic City.

Laventhol & Horwath forecasts that the total gaming win for all U.S. casinos will reach $4.6 billion in 1983, a 12 percent increase compared with 1982. Atlantic City again will provide the strongest growth.

Saul F. Leonard
National Partner,
Gaming Industry

Corporations included in this study

Table A	Casino Sq. Ft. (Approx.)	Fiscal Year-end	Guest Rooms	Total Guest Rooms
AITS, Inc.		3/31/82		
Hotel Riviera, Las Vegas	25,000		1,225	1,225
Bally's Park Place, Inc.		12/31/82		
Bally's Park Place, Atlantic City	60,000		512	512
Caesars World, Inc.		7/31/82		
Caesars Palace, Las Vegas	60,000		1,734	
Caesars Boardwalk Regency, Atlantic City	49,000		509	
Caesars Tahoe, Lake Tahoe	40,000		446	2,689
Dunes Hotels and Casinos, Inc.		12/31/82		
Dunes Hotel and Country Club, Las Vegas	60,000		1,360	1,360
Elsinore Corporation		1/31/83		
Four Queens Hotel & Casino, Las Vegas	29,500		716	
Hyatt, Lake Tahoe	12,500		460	1,176
Playboy Hotel and Casino, Atlantic City (45% interest)	52,000		500	500
Golden Nugget, Inc.		12/31/82		
Golden Nugget, Las Vegas	25,500		579	
Golden Nugget, Atlantic City	41,000		504	1,083
Greate Bay, Inc.		12/31/82		
Sands Hotel/Casino, Atlantic City	38,000		504	504
Hilton Hotels Corp.		12/31/82		
Las Vegas Hilton, Las Vegas	34,000		3,174	
Flamingo Hilton, Las Vegas[1]	34,000		2,256	
Hilton, Reno	58,000		595	6,025

[1]Includes 500 rooms completed in June 1982.

Table A (*continued*)

	Casino Sq. Ft. (Approx.)	Fiscal Year-end	Guest Rooms	Total Guest Rooms
Holiday Inns, Inc.		12/31/82		
Harrah's, Reno	126,200		565	
Harrah's, Lake Tahoe			540	
Harrah's Marina, Atlantic City	44,000		506	1,611
Riverboat Casino, Las Vegas (40% interest)[2]	31,000			
Resorts International, Inc.		1/2/83		
Resorts International Hotel Casino, Atlantic City	60,000		725	
Paradise Island Casino, Nassau, Bahamas	22,000			
Britannia Beach and Ocean Club, Nassau, Bahamas			671	
Paradise Island Hotel, Nassau, Bahamas			500	1,896
El Casino, Freeport, Bahamas[3]	17,000			
Scott Corp.		12/31/82		
Union Plaza, Las Vegas	31,000		504	
Mizpah Hotel and Casino, Tonopah, Nevada	N/A		56	560
Showboat, Inc.		6/30/82		
Showboat, Las Vegas	36,000		495	495
Del E. Webb Corporation		12/31/82		
Mint Hotel, Las Vegas	40,000		300	
Sahara Tahoe, Lake Tahoe	43,000		536	
Southpoint Nevada Club, Southpoint	18,000		26	862
Claridge Hotel and Casino, Atlantic City (50% interest)	34,000		505	505

[2]Remaining 60% interest acquired January 1983.
[3]Operation terminated January 1983.
N/A—Not available

The casino gaming industry—an overview by financial analysts

Our forecast is that 1983 will turn out to be a very good year for the casino gaming business in general. The continued resurgence in the economy, plus anticipated lower airfares, also should give Las Vegas a boost. On the other hand, if people start flowing back into Las Vegas, it might slow down Atlantic City's growth rate by a point or two. However, we forecast 15 to 20 percent growth in Atlantic City revenue for 1983.

There is no doubt that off-season marketing has been a positive factor in Atlantic City. But in my view, Atlantic City may be reaching the stage where marginal returns will start to diminish. For example, such promotion can only be partially effective in encouraging customers to visit casinos the week before Christmas, when they're interested in shopping. Any such efforts may not be cost effective.

On a broader scale, we need to examine more intensively the effects of inflation on gaming. In my experience, it appears that people tend to spend more on gaming in a highly inflationary period because they see money as having less value. Of course a corollary is that while the top line may increase during inflationary periods, so do the costs of doing business. In other words, ironically, for the sake of the win, it might be better if higher inflation rates persisted—although I do not suggest that I am a fan of high inflation rates.

If casino/hotels start to charge excessively for their rooms, if they permit their employees to become surly, if they do not offer perceived value for money spent, then they inevitably will lose to alternative leisure time activities.

When analyzing Atlantic City, we also should look forward to 1984 and beyond, when the second wave of new casinos will come on stream. This may again involve a difficult adjustment period.

As for Las Vegas, its last hope is to return to being the entertainment capital of the world. The present danger in Las Vegas is its own poor concept of itself. If the city's major operations start to regard the industry as simply another "video arcade" and permit Atlantic City to rise and dominate the high-power entertainment scene, then over the long term Las Vegas will have a very difficult time competing with Atlantic City.

Harold Vogel, C.F.A
Vice President/Research Division
Merrill Lynch

While the prospects for Atlantic City look very bright for the rest of 1983, Las Vegas will continue to suffer a hangover from the problems that plagued it in 1982. One of its major obstacles has been the high cost of airfares. Another problem is the continued overcapacity in rooms for the amount of business the city has been doing. Further, a number of player-type customers are not finding what they perceive to be an adequate price/value relationship in Las Vegas compared with what they get in Atlantic City.

Unless Las Vegas airfares and entertainment charges come down substantially—and service improves significantly—Atlantic City will continue to offer Las Vegas a high degree of competition for the average customer not on a convention- or business-related trip. Not only that, as the Atlantic City convention market begins to grow significantly, the city may pose an even greater competitive threat to Las Vegas.

Further, on the negative side for Las Vegas, it does not seem that enough major Strip operators

have come to grips with improving their marketing methods. Too many seem to have the attitude that as the economy continues to improve their businesses will recover and normalize. This is dangerous complacency.

One of the strongest indications of ongoing vitality in Atlantic City was the strength of the off-season winter business, even discounting the abnormally good winter weather (with the exception of the "Blizzard of '83"). According to our calculations, off-season wins remained at an exceptionally high level, which would seem to indicate that operators are concentrating much more forcibly on off-season promotions. So, while month-to-month comparisons during the summer may not show large increases because casinos may already be reaching their current maximum potential for those months, off-season and shoulder-season business for the fall and winter may show remarkable increases.

Steven Eisenberg
Leisure Industries Financial Analyst

With increasing signs of a continued economic recovery, the American casino gaming industry should continue to show solid growth for the remainder of 1983 and into 1984. In our view, the industry probably will grow at a faster rate than the overall economy, with Atlantic City operations continuing to lead the field. We are using a 20 percent growth rate in our Atlantic City projections for the year.

Most Atlantic City casino operators began to show signs of business maturity in 1982. They have begun to use sophisticated marketing methods rather than the shotgun approach to bring in customers. A challenge for all the city's operators now is to develop marketing programs that will increase business on off-days and in off-months.

When the new Atlantic City operations come on stream in 1984 and 1985, they should be far less disruptive to the economy than each new operation was in 1981. At that time, because of onerous New Jersey regulations and the limited pool of experienced employees, each new casino not only had to struggle to gain a customer base, but had to fight to acquire adequate staff—many of whom had to be "stolen" from existing casinos.

As for Las Vegas, operators now are beginning to recover from the trauma caused by Atlantic City competition and the severe recession. Led by a revitalized downtown, there are continuing signs of growth. By contrast, Atlantic City, apart from its casino/hotels, looks old and decayed. The city of Las Vegas would have a long way to go to look that bad!

If airfares to Las Vegas continue to remain competitive, and with a little help from the 1984 Olympics' overflow, 1984 may well be the year for double-digit growth on top of what could be a strong second half in 1983.

Lee S. Isgur
First Vice President
Paine Webber Mitchell Hutchins, Inc.

Although a rebounding national economy will have a positive effect on the leisure time industries and particularly the casino gaming industry, my computer modeling leads me to forecast that Atlantic City, where most of the growth is occurring, will be limited by a constraint of capacity.

For example, during July and August it will be very difficult to squeeze more players in at blackjack tables or slot machines than during the same months last year. Operators can raise table limits, but that may discourage some demand. Despite these caveats, our view is that Atlantic City will still enjoy a 15 to 20 percent increase in business this year. As operators learn to control costs, more of this increase should appear on bottom lines.

As for Las Vegas, I do not foresee a marked change until 1984. Before Atlantic City, the East Coast accounted for 10 to 12 percent of all Las Vegas visitors. That now is down to 4 or 5 percent. In my opinion, a major problem with Las Vegas is that the public perceives the city as a destination resort in decline. For Las Vegas to get back on a growth track will require strong, unique solutions to its particular problems—whether a high speed train from Los Angeles or a Disney World III.

In a sense, part of Las Vegas' problem may be that more of its big casinos now are public companies, and investors and the financial community expect public companies to continue to show good quarterly profits. A good example of a management reaction to such pressure is the Las Vegas Hilton, which eliminated star name attractions and cut back on losses in that department by installing a review. This may have helped short-term profits, but in the long term, it improves the image of neither the Las Vegas Hilton nor Las Vegas itself.

On the other hand, Atlantic City is a destina-

tion resort in its ascendancy—an exciting place with more to do every time you visit.

Over the long range, video lottery games cannot be discounted as a major potential threat to the casino gaming industry. When lotteries first started, they were on a monthly basis. As their popularity waned, states added weekly games. Now they're into daily games and instant games. Each step that lotteries take to bring in more revenue leads them one step closer to casino gaming. What poses a frightening nightmare for the casino industry is that some states eventually will institute blackjack games to complement their lottery machines. Then, in effect, there would be coast-to-coast legalized gaming—all owned and operated by the state lotteries.

Present-day casino/hotels are costly to build and operate. Some are not even making money with their current net win. So anything that might shave off gross win and revenue will severely affect bottom lines.

Daniel R. Lee
Vice President Research
Drexel Burnham Lambert Inc.

We believe that the Atlantic City gaming industry is healthy, that total gaming revenue should grow during 1983 at a 20 to 25 percent rate over the 1982 level, and that revenue per casino should increase commensurately. We anticipate that only the Holiday Inns/Donald Trump joint venture on the Boardwalk will open in 1984 and that only the Hilton Hotel facility on the marina will open in 1985. As a result, Atlantic City casinos should show earnings growth (in some cases) of lower than 30 percent for the next two and a half years. When the next wave of new casinos open in 1986, with Resorts, Golden Nugget and perhaps one or two other ventures, revenue per casino may flatten out or show a small decrease. With our estimated annual revenue growth of 15 percent per year, the outlook for the decade beyond 1986 is bright.

We do not believe that a full-scale recovery in gaming revenue in Nevada has begun yet. But we anticipate a turn beginning this autumn. We project 8 percent growth in 1984 over the 1983 level and 12 percent in 1985, but we do not anticipate increased facility construction. Therefore, although the short-term outlook for Nevada casinos is cloudy, our intermediate-term projection is for increased profitability as we move toward 1986.

Mark Manson
Gaming Industry Financial Analyst
Donaldson Lufkin & Jenrette

The gaming industry is finally "hitting on all cylinders." Atlantic City has reached a size where it is now competitive with Nevada and will soon be a $2 billion industry. Perhaps more important, the Nevada gaming industry has bounced off the bottom and appears poised for a very strong cyclical recovery. We have consistently heard positive comments from Nevada operators during the past six months and believe that the summer tourist season will generate the first discernible business upturn in Nevada in three years. Nevada gaming win, which grew a modest 3.7 percent in 1982 on top of a 6.3 percent gain in 1981, has been off significantly from the traditional 13 to 16 percent growth Nevada enjoyed during the 1960s and 1970s.

Facilitating the upturn are the easy comparisons with the recent past, but more important are improvements in air travel (up 5.5 percent in the first quarter); declines in airfares from the East Coast; declining oil prices (making it more attractive to drive up from Southern California), and a general revival in the economy accompanied by a strong improvement in the security markets. We expect the economic recovery to fuel improvements for the next couple of years, a .d we look for the Los Angeles Summer Olympics of 1984 to have a major impact on the Nevada gaming industry, particularly in Las Vegas.

We expect that the cyclical turnaround in convention and business travel, accompanying a strong consumer recovery, will allow Nevada to generate double-digit gaming and win growth during the next few years. In Atlantic City, casino win has grown as new casinos have opened during the last few years, and 1983 is the first year where observers are able to "compare apples with apples." There are no new casinos opening this year, and the same base of nine casinos were in operation throughout 1982. Aided by aggressive marketing and with some help from the economy, gaming win should increase approximately 20 percent in Atlantic City this year, with higher percentage increases in the fringe and off-season months. Next year in Atlantic City a 10th casino, Harrah's Boardwalk, will open, and 1985 will mark the opening

of the Hilton Atlantic City casino/hotel.

It appears to us that gaming has developed legitimacy over the past 10 years and that there is a definite trend in the country toward casino gaming as a respectable form of leisure time activity. That, combined with the perennial need for painless tax collection, should benefit the gaming industry through the next business cycle.

Dennis I. Forst, C.F.A.
Vice President Research Department
Bateman Eichler, Hill Richards, Inc.

Consolidated corporate operating results

Table B
Consolidated Corporate Operating Results
($000 Omitted)

	Total Revenue*		Income From Operations**			
					Percent Total Revenue	
	1982	1981	1982	1981	1982	1981
AITS, Inc.	$ 88,815	$ 88,587	$(10,162)	$ (346)	* * *	* * *
Bally's Park Place, Inc.	224,448	214,121	25,174	12,306	11.2	5.7
Caesars World, Inc.	576,622	596,031	27,903	72,759	4.8	12.2
Dunes Hotels and Casinos, Inc.	121,171[1]	134,181	(29,491)[1]	10,478	* * *	7.8
Elsinore Corporation	71,803[2]	63,014[2]	3,171[3]	2,425[3,4]	4.4	3.8
Golden Nugget, Inc.	272,902	239,002	49,835	49,422	18.3	20.7
Greate Bay, Inc.	163,436	107,532	15,244	(5,906)	9.3	* * *
Hilton Hotels Corp.	620,484[2]	612,704[2,6]	113,095[3]	158,361[3]	18.2	25.8
Holiday Inns, Inc.	1,425,298	1,351,775	159,376	155,221	11.2	11.5
MGM Grand Hotels, Inc.	316,503	232,566[7]	33,457	48,649	10.6	20.9
Ramada Inns, Inc.	548,321[2]	415,870[2]	(18,125)[3]	(14,817)[3,4]	* * *	* * *
Resorts International, Inc.	400,029	355,108	29,845	23,050	7.5	6.5
Scott Corp.	48,545	52,967	(3,843)	6,983	* * *	13.2
Showboat, Inc.	42,824	38,902	9,784	10,223	22.8	26.3
Del E. Webb Corporation	311,249[2]	415,092[2]	(3,116)[3]	8,767[3]	* * *	2.1

*Represents revenue after deductions for promotional allowances.
**Represents income before income taxes, minority interest, discontinued operations and extraordinary items.
* * Not applicable; loss for the year.
[1]Includes casino/hotel discontinued operation.
[2]Excludes revenue of joint ventures and/or entities recorded on equity basis.

Gaming operations revenue includes revenue from the entire casino/hotel operation, net of complimentary rooms, food and beverages (promotional allowances). Where results of operations are reported on the equity basis, the operations revenue is not included in total revenue.

Many factors enter into a company's operating results and sometimes produce significant year-to-year changes in operations. Therefore, a comparison of operating results and percentage relationships between companies or years is not always relevant.

For the companies included in this study, total revenue increased 6.4 percent compared with 1981, as Table B shows. However, income from operations declined 25.2 percent. Net income in 1982 was 4.1 percent of revenue compared with 7.2 percent in 1981. Aggregate net income for the operations declined 39.2 percent.

Casino/hotel revenue was 65.3 percent of total revenue in 1982 compared with 61.7 percent in 1981. Income from operations of all the companies was 7.7 percent of total revenue in 1982 compared with 10.9 percent in 1981.

Net Income				Casino/Hotel Revenue*			
		Percent Total Revenue				Percent Total Revenue	
1982	1981	1982	1981	1982	1981	1982	1981
$(10,162)	$ (207)	* * *	* * *	$ 88,815	$ 88,587	100.0	100.0
10,174	4,506	4.5	2.1	224,448	214,121	100.0	100.0
844	35,045	.1	5.9	545,929	558,821	94.7	93.8
(20,057)	5,057	* * *	3.8	107,422[1]	119,080	88.7	88.7
(1,033)	(2,354)[5]	* * *	* * *	62,463[2]	55,312[2]	87.0	91.7
28,656	31,318	10.5	13.1	257,863	230,325	94.5	96.4
14,022	5,906	8.6	* * *	163,436	107,532	100.0	100.0
83,373	112,623	13.4	18.4	291,422	269,147[6]	47.0	43.9
75,980	137,358	5.3	10.2	472,792	388,148	33.2	28.7
19,807	29,002	6.3	12.5	316,503	232,566[7]	100.0	100.0
(19,825)	(30,482)[5]	* * *	* * *	259,071	99,703	47.2	24.0
25,845	13,150	6.5	3.7	379,600	330,676	94.9	93.1
(1,451)	3,608	* * *	6.8	48,545	52,967	100.0	100.0
5,582	5,799	13.0	14.9	42,824	38,902	100.0	100.0
4,614	5,319	1.5	1.3	156,300[2]	247,100[2]	50.2	59.5

[1]Before equity in earnings of joint ventures or other nonconsolidated operating entities.
[4]Before write-off of Atlantic City preopening expenses.
[5]After write-off of Atlantic City preopening expenses.
[6]Includes $14.1 million business interruption insurance recovery; Las Vegas Hilton in operation partial year in 1981.
[7]Includes $62.8 million business interruption insurance recovery; Grand Las Vegas in operation partial year in 1981.

Comments on operating results from letters to shareholders

The following are illustrative comments from letters to shareholders of companies engaged primarily in the gaming business. For purposes of this study, these are defined as companies that derive 85 percent or more of their revenue from gaming sources. Commentaries from diversified corporations with gaming interests appear on page 14.

Bally's Park Place, Inc.

"During 1982, Bally's Park Place Casino Hotel continued to improve its performance. . . . Our operating income—income before such fixed charges as depreciation, interest, property taxes and insurance—remained among the highest of all casino hotels in Atlantic City. Our total gaming revenue rose from third to second place. . . ."

". . . One of the most important factors behind our success during the past year was the outstanding performance of our slot machines. Our slot machines earned $99.6 million in revenue during 1982, a 12.4 percent increase over the $88.6 million earned during 1981. . . ."

". . . Promotional programs were enhanced. . . . Our bus transportation programs that serve the large regional market brought approximately 900,000 people . . . during 1982. . . ."

". . . We also continued to improve our facilities. . . . We . . . constructed a 6,000-square-foot addition to our convention facilities and now have the largest convention facilities on a single floor of any casino hotel in Atlantic City. . . ."

Richard Gillman, Chairman
William S. Weinberger, President

Caesars World, Inc.

". . . The decline in income from continuing operations was caused by lower operating results from the company's Nevada operations, along with higher interest expense and costs associated with the acquisition of securities from the company's founders. In addition, earnings for 1982 were charged with $10 million of accrued interest on a previously announced contested tax deficiency currently on appeal, $4.7 million of previously deferred development costs relating to projects the company has decided not to pursue, and an additional provision for doubtful accounts of approximately $8 million. The above items were partially offset by the substantially improved operating results of Caesars New Jersey, Inc. where earnings approximately doubled compared with the prior year. . . ."

". . . In September 1982, the company announced (it would) sell the net assets of Ontel Corporation. . . . The transaction will result in a net loss of $6.3 million, or $.26 per share. This loss, along with current operating losses of $2.4 million, of $.10 per share, has been classified as discontinued operations in fiscal 1982. . . ."

". . . While . . . net income . . . declined in fiscal 1982 . . . the company has made significant accomplishments during a year of consolidation and has prepared for future growth. . . ."

". . . The strength of the business has been demonstrated by its ability to maintain a relatively high level of operating profits in a difficult economic environment. . . ."

Harold D. Berkowitz, Chairman
J. Terrence Lanni, President

Elsinore Corporation

". . . The past year was a difficult one for our Nevada properties. Operations at Hyatt Lake Tahoe, although profitable, were hampered by a harsh winter, a depressed economic climate and generally sluggish performance of the Nevada gaming market. The Four Queens Hotel and

Casino in Las Vegas showed an operating loss for the first full year of its newly expanded operation. . . ."

". . . Elsub Corporation, the company's New Jersey subsidiary, which has a 45.7 percent equity interest in Playboy-Elsinore Associates, generated a small profit for the past fiscal year, primarily from the accrual of a management fee and interest income from the Playboy Hotel and Casino, which broke even from its operations before these partner charges. . . ."

". . . The Playboy Hotel and Casino operating results to date have been disappointing. . . . (Here) we face the greatest challenge. . . . I do not foresee a significant improvement in operating results until at least the second half of 1983. I anticipate major expenditures for renovation, with the completion schedule to coincide with the seasonally strongest months in Atlantic City. . . ."

Robert R. Maxey, President

Golden Nugget, Inc.

"The continued effectiveness of the marketing programs initiated in the second quarter of 1982 in the company's casino-hotel operations in both Atlantic City and Las Vegas, together with the continued buoyant growth of the Atlantic City market, were demonstrated in the company's fourth quarter 1982 operating results. . . ."

"I am quite pleased with the results of our programs in the last half of 1982. We are running against an industry-wide trend in Las Vegas and are currently recording substantial increases in profits in that hotel-casino. Our momentum in Atlantic City is also growing and our significant gains are continuing each month. . . ."

"In February 1983, we (agreed) to purchase approximately 15 acres of land in the marina area of Atlantic City for the purpose of constructing our second major Atlantic City casino-hotel. . . ."

". . . We are also approaching . . . the construction of a second tower for our Las Vegas facility. . . ."

Stephen A. Wynn,
President and Chairman

Greate Bay, Inc.

"1982 has been a year of outstanding performance for Greate Bay Casino Corporation. In every sense, the company has effected a classic business turnaround. . . ."

". . . Much of the success can be directly attributed to the foresight of Pratt Hotel Corporation. . . . When Pratt Hotels took control . . . Greate Bay had amassed losses . . . exceeding $27 million. The company would have probably collapsed had it not been for an infusion of capital. . . ."

". . . Every step of the dramatic 1982 turnaround was strategically planned. . . . Day-to-day performance was directed, and expenditures controlled to comply with established budget guidelines."

"The key to our performance has been professional business management, employing a wide range of business disciplines. Market research, market segmentation analysis, operations research, computer modeling techniques and the management sciences were all called upon. . . ."

". . . Management has prepared a detailed business plan for 1983 and a series of strategic plans for the ensuing years. . . ."

Jack E. Pratt, Chairman
Stephen F. Hyde, President
William P. Weidner, Executive Vice President

MGM Grand Hotels, Inc.

"During fiscal 1982, MGM Grand Hotels, Inc. returned to full operation at both of its hotels. . . ."

". . . A detailed comparison of 1982 with 1981 is not particularly meaningful because the MGM Grand Hotel-Las Vegas was closed during a substantial part of fiscal 1981 and the expansion of the MGM Grand Hotel-Reno was not completed until July, 1981. . . ."

". . . During the year, the company completed construction of the new tower at the Grand-Las Vegas, with the opening of 760 additional guest rooms just prior to the New Year holiday season. . . ."

". . . With the enlarged capacity at both hotels, occupancy comparisons with earlier years can be misleading. . . . A more meaningful comparison is room nights sold. Such a comparison discloses that the company had an 11 percent increase in room nights sold in the current year. . . ."

Alvin Benedict, Chairman
Bernard J. Rothkopf, President

Resorts International, Inc.

". . . Our Atlantic City operation had the largest 1982 casino win in what has become the most aggressive and exciting casino/hotel market in the world. . . ."

". . . For the full year 1982, Resorts led the other eight casinos in casino win. . . . Resorts also set an industry record for win from slot machines in 1982. . . ."

". . . The impressive gain recorded in casino win was tempered by increased expenses for marketing and promotional programs. . . ."

". . . The resolution of litigation and riparian claims against the 56-acre urban renewal tract in Atlantic City has allowed the company to proceed with plans for a new 1,000-room casino-hotel. . . . The present estimated cost of the hotel, including furnishings and equipment, approximates $185 million. Groundbreaking plans have been scheduled for October 1983. . . ."

James M. Crosby, Chairman
I. G. Davis Jr., President

Scott Corporation

"The company's normal operations resulted in a profit for 1982; however, the book value of certain assets at Tonopah, Nevada were significantly impaired during the year and were written down to their estimated recoverable value. The consolidated loss for 1982 can be attributed wholly to the writedown of those assets. . . ."

". . . Operations at the Union Plaza were . . . curtailed during much of 1982 due to the disruption accompanying the construction work in the casino and other public areas. In spite of the problems confronting us during 1982, the Union Plaza reported net income of $1,660,000 for the year. . . ."

". . . The expansion program at the Union Plaza is nearing final stages and should be completed by mid-year. The additional guest rooms, along with expanded public areas, including convention facilities, will place us in a unique position to benefit from the rebounding economy. . . ."

Frank Scott, Chairman

Showboat, Inc.

". . . During the past year, the Showboat has not only remained strong throughout the recessionary period, but also has improved dramatically its competitive position within the Las Vegas gaming industry. . . ."

". . . However, costs and expenses of operating and maintaining our facilities are still increasing due to inflation and to the expansion of our operations. . . ."

". . . Midway through fiscal 1982, the Showboat acquired an 18-hole championship golf course. . . . This new dimension to the Showboat's array of resort activities will contribute to future results of operations. . . ."

". . . Utilization of existing facilities was expanded through the addition of a Race and Sports Book, more nationally televised boxing and bowling events. . . ."

". . . The keystone to the Showboat's success is casino gambling. To provide the needed space to grow within the casino . . . (and) to accommodate thousands of new patrons, the Showboat (is having plans prepared) for the doubling of the Showboat's present physical facilities. . . ."

Joseph H. Kelley,
Chairman and President

Comments from diversified corporations with gaming interests.

Hilton Hotels, Inc.

"Worldwide economic problems severely affected Hilton Hotels Corporation's operations in 1982. The protracted recession brought about a decline in business, leisure and international travel as well as a reduction in the Nevada gaming market. . . ."

". . . Accordingly, virtually all areas of our business were down in 1982. . . . Our hotel-casinos reflected an occupancy of 72 percent against the prior year's 81 percent. . . ."

". . . The 72 percent occupancy at Hilton's Nevada hotel-casinos was, by far, the lowest level since we entered the Nevada gaming market in 1970. Recessionary cycles are normal in the lodging industry but new to Las Vegas. The result was a 34 percent decline to $52.2 million in income contribution from the hotel-casino operations. . . ."

". . . Throughout 1982 we were impressed by the market growth and profit performance in the nation's Eastern casino gaming market—Atlantic City. . . . In 1978, Hilton acquired approximately 15 acres of land in the marina area of Atlantic City. . . . However, high interest rates, market uncertainties and unsettled economic conditions caused us to defer project development until now. . . . The initial development is expected to cost about $250 million . . . (and) will have 634 guest rooms and a 46,500-square-foot casino. . . . Construction will begin in late spring (of 1983) and the Atlantic City Hilton will open in mid-1985. . . ."

Barron Hilton
Chairman and President

Holiday Inns, Inc.

"The year 1982 was both a memorable and a challenging one. The protracted recession triggered a decline in business travel and in consumer spending on recreational travel and dining out that affected all the industries in which we operate. . . ."

". . . We have moved forward in the expansion of our gaming business over the past year. On January 4, 1983, we acquired the remaining 60 percent of the Holiday Casino in Las Vegas. . . ."

". . . Atlantic City established itself as the number one tourist destination in America, attracting more visitors in 1982 than either Las Vegas or Disney World in Orlando. Our company has prospered with the growth of Atlantic City, as our Harrah's Marina facility there has proven to be the most profitable hotel/casino in that market on a pre-tax, pre-interest basis. To capitalize on Atlantic City's continuing market growth, we entered into a joint venture to build a new 600-room hotel and 60,000-square-foot casino on the Boardwalk . . . to open in the spring of 1984. . . ."

Additional comments from operating review

"Holiday Inns' entry into the gaming business has met with considerable success in a relatively short period of time. Within only four years, gaming operations have become a major contributor to revenues and profits. . . ."

". . . Through Harrah's, its gaming subsidiary, Holiday Inns, Inc., is the only company represented in all four major U.S. gaming markets. . . ."

". . . The Gaming Group continued its impressive growth record in 1982, with revenues up 21.8 percent . . . and operating income up 32.5 percent. . . . Operating income at Harrah's Marina hotel/casino . . . rose dramatically and Harrah's Reno and the Holiday Casino in Las Vegas also posted improved results. Harrah's Lake Tahoe did not meet 1981's revenue or profit levels. . . ."

". . . We believe that the U.S. gaming market has excellent potential for continued growth. For the short term, this growth will center in existing markets. However, additional jurisdictions are expected eventually to legalize casino gaming. . . ."

Roy E. Winegardner,
Chairman
Michael D. Rose, President

Ramada Inns, Inc.

"As measured against our expectations a year ago, 1982 was disappointing. . . ."

". . . Instead of ending, the recession deepened and struck our hotel and Las Vegas business particularly hard in the second half of 1982. Meanwhile, our expectations for revenues at the Atlantic City Tropicana were not borne out. . . . Our high costs at the (Atlantic City) Tropicana are largely fixed, and once we cover them we generate significant operating income as a percentage of additional revenues. . . ."

". . . As early as next year (1983), in fact, the Tropicana can begin to fill a leading role as a cash generator for Ramada. . . ."

". . . A transition year in 1983 means linked progress in Atlantic City operations and initial steps in financing. This accomplished, we view growth beyond. . . ."

Additional comments from gaming group review

". . . We are positioning the Las Vegas Tropicana aggressively in the Southern California and Southwest markets and attracting a high percentage of drive-in customers. The occupancy rate in the hotel of 83.5 percent (versus 85.4 percent in 1981) was among the best at Strip hotels in 1982. . . ."

Richard Snell,
Chairman and President

Del E. Webb Corporation

". . . We achieved a slight operating profit, the first full-year operating profit for the company since 1979."

"During 1979 our turnaround goals were these:

- To reduce our long-term debt-to-equity ratio to 1:1. By year-end, the ratio was .8:1 and total long-term debt was reduced to $108.9 million.
- To improve operating income to achieve a small operating profit. Operating earnings improved and put us a penny in the black.
- And, to complete reorganization of the company, which we did . . ."

". . . We reduced debt through internal streamlining, reorganization and shedding of marginal or unprofitable properties. We sold the Sahara Las Vegas hotel/casino . . . the Sahara Boardwalk site in Atlantic City . . . and the Sahara Las Vegas Country Club. . . ."

". . . We will continue to expand current operations where appropriate and prepare to enter a new area complimentary to the overall corporate objectives within the next two years. . . ."

Robert K. Swanson,
Chairman and President

Gross operating profit of gaming operations

Table C
Gross Operating Profit of Gaming Operations
($000 Omitted)

	(a) Casino Revenue		(b) (a) as a Percentage of (e)		(c) Hotel and Other Revenue*	
	1982	1981	1982	1981	1982	1981
AITS, Inc.	$ 53,766	$ 52,913	60.5	59.7	$ 35,049	$ 35,674
Bally's Park Place, Inc.	195,854	187,231	87.3	87.4	28,594	26,890
Caesars World, Inc.	431,245	433,809	79.0	77.6	114,684	125,012
Dunes Hotels and Casinos, Inc.	87,522	90,964	81.5	76.4	19,900	28,116
Elsinore Corporation[1]	41,150	37,278	65.9	67.4	21,313	18,034
Golden Nugget, Inc.	217,365	190,502	84.3	82.7	40,498	39,823
Greate Bay, Inc.	144,236	91,614	88.3	85.2	19,200	15,918
Hilton Hotels Corp.	163,302	145,054	56.0	53.9	128,120	124,093[2]
Holiday Inns, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
MGM Grand Hotels, Inc.	157,903	86,873	49.9	37.4	158,600	145,693[2]
Ramada Inns, Inc.	202,300	65,600	78.1	65.8	56,771	34,103
Resorts International, Inc.	274,136	249,723	72.2	75.5	105,464	80,953
Scott Corp.	33,815	37,136	69.7	70.1	14,730	15,831
Showboat, Inc.	28,483	25,729	66.5	66.1	14,341	13,173
Del E. Webb Corporation[1]	107,400	169,400	68.7	68.6	48,900	77,700

*Hotel and other revenue are shown after deducting promotional allowances
N/A-Not applicable; loss for the year
[1]Excludes Atlantic City joint venture
[2]Includes business interruption insurance recovery

In Table C, the revenue and gross operating profits of gaming operations are shown separately to analyze these results more closely. For this purpose, gross operating profit is operating profit after all operating costs but before interest costs and unallocated corporate expenses.

Information for this table has, for the most part, been obtained from "business segment" sections of annual reports of diversified corporations, or by adding interest costs to the indicated operating profit of corporations that are solely casino/hotel operations.

In 1982, casino revenue for those operations included in this study (excluding Holiday Inns, for which information was not available) rose 14.7 percent over the revenue of the same group surveyed in 1981. Casino revenue represented 62.6 percent of total casino/hotel revenue compared with 61.5 percent for 1981. Total casino/hotel revenue increased 12.7 percent compared with the previous year. Gross operating profit decreased to 8.4 percent in 1982 from 17.1 percent in 1981.

(d) (c) as a Percentage of (e)		(e) Total Casino/Hotel Revenue		(f) Gross Operating Profit		(g) (f) as a Percentage of (e)	
1982	1981	1982	1981	1982	1981	1982	1981
39.5	40.3	$ 88,815	$ 88,587	$ 849	$ 8,560	1.0	9.7
12.7	12.6	224,448	214,121	42,651	40,017	19.0	18.7
21.0	22.4	545,929	558,821	57,273	89,206	10.5	16.0
18.5	23.6	107,422	119,080	(13,297)	19,906	N/A	16.7
34.1	32.6	62,463	55,312	11,556	8,751	18.5	15.8
15.7	17.3	257,863	230,325	76,294	65,347	29.6	28.4
11.7	14.8	163,436	107,532	26,646	6,916	16.3	6.4
44.0	46.1	291,422	269,147[2]	52,248	79,126	17.9	29.4
N/A	N/A	472,792	388,148	74,595	56,291	15.8	14.5
50.1	62.6	316,503	232,566[2]	51,552	57,221	16.3	24.6
21.9	34.2	259,071	99,703	6,943	6,257	2.7	6.3
27.8	24.5	379,600	330,676	37,152	52,344	9.8	15.8
30.3	29.9	48,545	52,967	(2,593)	8,497	N/A	16.0
33.5	33.9	42,824	38,902	9,966	10,438	23.3	26.8
31.3	31.4	156,300	247,100	5,300	9,700	3.4	3.9

Casino revenue and promotional allowances

Promotional allowances—in the form of complimentary rooms, food and beverages ("comps")—are an integral part of the casino/hotel industry and are considered to be routine costs for improving business.

The ability of such comps to capture and hold business and their value in terms of percentage costs have been a subject of broad discussion within the industry and among financial analysts for a number of years. One of the reasons why precise analysis is difficult is that the amounts shown in Table D represent the retail value of these complimentary goods and services, whereas the actual costs of such goods and services to the casino/hotel are considerably less.

Interestingly, in 1982 aggregate casino promotional allowances for the operations under study increased 20.5 percent, while casino revenue rose 14.7 percent. Only four of the companies studied (exclusive of Holiday Inns, for which such figures are not available) had decreases in promotional allowances; 11 had increases. In the aggregate, promotion allowances averaged 13 percent of casino revenue in 1982 compared with 12.4 percent in 1981.

Table D
Promotional Allowance as a Percentage of Casino Revenue
($000 Omitted)

	Casino Revenue		Promotional Allowances		As a Percentage of Casino Revenue	
	1982	1981	1982	1981	1982	1981
AITS, Inc.	$ 53,766	$ 52,913	$ 8,975	$ 9,360	16.7	17.7
Bally's Park Place, Inc.	195,854	187,231	17,048	13,890	8.7	7.4
Caesars World, Inc.	431,245	433,809	48,230	52,257	11.2	12.0
Dunes Hotels and Casinos, Inc.	87,522	90,964	17,336	17,278	19.8	19.0
Elsinore Corporation[1]	41,150	37,278	5,287	4,621	12.8	12.4
Golden Nugget, Inc.	217,365	190,502	32,793	22,347	15.1	11.7
Greate Bay, Inc.	144,236	91,614	20,899	13,031	14.5	14.2
Hilton Hotels Corp.	163,302	145,054	25,168	20,746	15.4	14.3
Holiday Inns, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
MGM Grand Hotels, Inc.	157,903	86,873	21,703	12,144	13.7	14.0
Ramada Inns, Inc.	202,300	65,600	29,152	10,797	14.4	16.5
Resorts International, Inc.	274,136	249,723	29,051	24,094	10.6	9.6
Scott Corp.	33,815	37,136	4,615	4,853	13.6	13.1
Showboat, Inc.	28,483	25,729	1,291	1,061	4.5	4.1
Del E. Webb Corporation[1]	107,400	169,400	16,600	24,300	15.5	14.3

N/A-Not available.
[1]Excludes Atlantic City joint venture.

Gaming operating profit as a percentage of gaming assets

Table E reflects gaming gross operating profit as a return on gaming operations assets. In general, the amount of identifiable gaming operations assets was obtained from the "business segment" sections of annual reports of diversified corporations, or as total assets for corporations that are solely casino/hotel corporations. (For a definition of gaming gross operating profit, see page 17.)

In 1982, gross operating profit (excluding Dunes Hotels and Casinos) as a percentage of identifiable gaming operation assets declined to 8.1 percent from 14 percent in 1981. As in prior years, the dynamic year-to-year changes of individual companies is highlighted in this table.

Table E
Gaming Gross Operating Profit as a Percentage of Identifiable Gaming Operation Assets
($000 Omitted)

	Identifiable Gaming Operation Assets		Gaming Gross Operating Profit		As a Percentage of Assets	
	1982	1981	1982	1981	1982	1981
AITS, Inc.	$ 97,054	$ 77,202	$ 849	$ 8,560	.9	11.1
Bally's Park Place, Inc.	300,230	309,338	42,651	40,017	14.2	12.9
Caesars World, Inc.	467,600	472,730	57,273	89,206	12.2	18.9
Dunes Hotels and Casinos, Inc.	N/A	106,315	(13,297)	19,906	*	18.7
Elsinore Corporation[1]	93,000	100,996	11,556	8,751	12.4	8.7
Golden Nugget, Inc.	255,968	194,355	76,294	65,347	29.8	33.6
Greate Bay, Inc.	102,364	88,989	26,646	6,916	26.0	7.8
Hilton Hotels Corp.	333,161	289,863	52,248	79,126	15.7	27.3
Holiday Inns, Inc.	631,275	573,490	74,595	56,291	11.8	9.8
MGM Grand Hotels, Inc.	524,888	552,122	51,552	57,221	9.8	10.2
Ramada Inns, Inc.	386,435	398,591	6,943	6,257	1.8	1.6
Resorts International, Inc.	324,659	300,522	37,152	52,344	11.4	17.4
Scott Corp.	75,597	48,103	(2,593)	8,497	*	17.7
Showboat, Inc.	38,604	35,303	9,966	10,438	25.8	29.6
Del E. Webb Corporation[1]	75,400	121,700	5,300	9,700	7.0	8.0

N/A-Not available.
*Not applicable, loss for the year.
[1]Excludes Atlantic City joint venture.

Corporate interest expense, depreciation and amortization

Table F shows interest costs *net* of interest costs capitalized.

While some gaming corporations were able to shave their interest costs in 1982, in the aggregate these expenses rose again, to 112.8 percent of last year's figure. With the decrease in interest rates, reduction of long-term debt and no significant expansion, 1983 should show a significant decrease.

Depreciation and amortization also increased in 1982 compared with 1981. The continuing increase in this item reflects the continued expansion of companies in the casino gaming industry. Total depreciation expense for 1982 was 116.5 percent of that for 1981.

Table F
Corporate Interest Expense and Depreciation and Amortization – 1982 Compared With 1981
($000 Omitted)

	Interest Expense			Depreciation and Amortization		
	1982	1981	1982 as a Percentage of 1981	1982	1981	1982 as a Percentage of 1981
AITS, Inc.	$11,011	$ 8,906	123.6	$ 5,144	$ 4,509	114.1
Bally's Park Place, Inc.	17,285	32,124	53.8	21,882	20,877	104.8
Caesars World, Inc.	55,055	40,030	137.5	34,930	32,975	105.9
Dunes Hotels and Casinos, Inc.	14,170	9,681	146.4	5,792	5,177	111.9
Elsinore Corporation	8,385	6,326	132.5	4,156	2,760	150.6
Golden Nugget, Inc.	33,210	19,967	166.3	12,411	10,002	124.1
Greate Bay, Inc.	12,125	13,267	91.4	6,005	4,773	125.8
Hilton Hotels Corp.	8,962	10,955	81.8	37,826	29,603	127.8
Holiday Inns, Inc.	50,965	65,540	77.8	85,033	78,535	108.3
MGM Grand Hotels, Inc.	19,427	11,601	167.5	22,782	13,257	171.8
Ramada Inns, Inc.	67,710	36,658	184.7	34,200	26,541	128.9
Resorts International, Inc.	25,789	21,291	121.1	20,708	13,326	155.4
Scott Corp.	1,250	1,514	82.6	2,565	2,108	121.7
Showboat, Inc.	182	215	84.7	1,911	1,558	122.7
Del E. Webb Corporation	16,705	25,196	63.8	9,771	15,975	61.2

Total assets, shareholders' equity, return on shareholders' equity and debt-to-equity ratio

Table G provides additional yardsticks by which financial analysts can judge corporate performance.

The ratio of debt to equity and the amount of equity as a percentage of total assets frequently indicate to what extent management is depending on borrowed funds. Financial analysts generally consider a company with a high debt-to-equity ratio to be more volatile. However, there are a number of exceptions.

The debt-to-equity ratio is calculated by dividing the long-term debt (including current maturities) at year-end by the ending shareholders' equity. For 1982, the aggregate ratio of shareholders' equity to total assets showed very little change—38.6 percent compared with 37.2 percent in 1981.

The 1982 return on shareholders' equity was computed by dividing the net income by the average shareholders' equity at the beginning and the end of the year. Return on shareholders' equity for 1982 was 8.6 percent compared with 14.5 percent in 1981.

Table G
Total Corporate Assets, Shareholders' Equity, Return on Shareholders' Equity and Debt-to-Equity Ratio
($000 Omitted)

	(a)	(b)	(c)	(d)	(e)
	Total Assets 1982	Shareholders' Equity 1982	As a Percentage of (a)	1982 Return on Shareholders' Equity	Debt-to-Equity Ratio
AITS, Inc.	$ 97,054	$ (9,220)	N/A	*	N/A
Bally's Park Place, Inc.	300,230	91,759	30.6	11.7	1.7
Caesars World, Inc.	548,054	105,867	19.3	.6	2.7
Dunes Hotels and Casinos, Inc.	150,576	10,784	7.1	*	8.1
Elsinore Corporation	126,327	40,207	31.8	*	1.8[1]
Golden Nugget, Inc.	388,729	109,906	28.3	38.8	1.9
Greate Bay, Inc.	102,364	19,727	19.3	110.6	3.0
Hilton Hotels Corp.	938,321	568,501	60.6	15.1	.3
Holiday Inns, Inc.	1,708,007	942,962	55.2	8.9	.5
MGM Grand Hotels, Inc.	524,888	122,386	23.3	11.8	1.4
Ramada Inns, Inc.	783,568	139,297	17.8	*	3.9
Resorts International, Inc.	586,057	255,595	43.6	4.9	.3
Scott Corp.	75,597	19,446	25.7	*	2.1
Showboat, Inc.	38,604	32,298	83.7	18.2	.1
Del E. Webb Corporation	318,741	131,851	41.4	3.6	.9[1]

N/A-Not applicable; shareholders' deficiency.
*Not applicable; loss for the year.
[1]Excluding share of debt of joint ventures or other consolidated operating entities.

1982 Atlantic City summary

The detailed information in Table H (pages 26–27) for calendar year 1982 was obtained from the annual reports the casino/hotels filed with the New Jersey Casino Control Commission. These reports, which are public information, provide a far wider array of statistical financial information than anything publicly available in Nevada.

Having access to such detailed financial information greatly facilitates the comparison of casino operating results. It has proved invaluable to the managements of Atlantic City casino/hotels. The ability to compare such figures on a monthly basis may indeed have sharpened Atlantic City's competitive edge by dispelling rumors, gossip and misinformation that generally has been prevalent in the industry.

In today's technological society, there really is no such thing as an "information advantage." Nevada operators, traditionally reluctant to publish detailed operating information, might find it easier to compete with other jurisdictions by emulating the New Jersey example.

Although New Jersey reports are filed on standardized reporting forms, many differences still exist in the way individual operations classify certain expense items—particularly marketing costs, guest entertainment and other administrative and general expenses. As the New Jersey system is refined, it is hoped that the state's casino/hotels will achieve even greater uniformity in their classification of expenses so that comparisons will become even more meaningful.

With no new casino/hotels added in 1982, the significant increase in revenue and the improvements in operating results (especially in the second half of the year) reflected Atlantic City's ability to absorb the increased capacity starting in 1984 and emphasized that the supply of casino/hotels has not yet reached the demand.

Table H
1982 Atlantic City Summary
($000 Omitted)

	Total		Bally's Park Place		Caesars Boardwalk Regency		Claridge	
Date Opened			December 1979		July 1979		July 1981	
	$	%	$	%	$	%	$	%
Condensed Income Summary:								
Revenue								
Casino	$1,484,751	86.5	$195,854	87.6	$193,148	88.9	$ 88,837	82.9
Hotel and Other	420,624	24.5	44,794	20.0	43,579	20.0	33,180	30.9
Promotional Allowances	(189,334)	(11.0)	(17,048)	(7.6)	(19,369)	(8.9)	(14,790)	(13.8)
Total	1,716,041	100.0	223,600	100.0	217,358	100.0	107,227	100.0
Costs and Expenses (Net)								
Total Exclusive of Items Shown Below	1,344,865	78.4	159,912	71.5	168,813	77.7	103,104	96.1
Interest	111,523	6.5	17,285	7.7	6,867	3.2	5,948	5.5
Depreciation and Amortization	97,242	5.6	21,882	9.8	11,170	5.1	8,966	8.4
Nonoperating Expenses (Income)	39,419	2.3	(653)	(.3)	2,834	1.3	19,599	18.3
Income taxes	66,093	3.9	15,000	6.7	14,878	6.8		
Total	1,659,142	96.7	213,426	95.4	204,562	94.1	137,617	128.3
Net Income (Loss)	$ 56,899	3.3	$ 10,174	4.6	$ 12,796	5.9	($ 30,390)*	(28.3)
Supplementary Casino Information:								
Casino Square Footage	430,000		60,000		49,000		34,000	
Casino Revenue								
Table Games	$ 799,647	53.9	$ 96,248	49.1	$120,247	62.3	$ 46,173	52.0
Coin-Operated Machines	685,104	46.1	99,606	50.9	72,901	37.7	42,664	48.0
Total	1,484,751	100.0	195,854	100.0	193,148	100.0	88,837	100.0
Casino Expenses								
Labor	272,626	18.4	33,772	17.2	41,069	21.3	18,618	21.0
Other	544,806	36.7	54,634	27.9	61,132	31.6	33,907	38.1
Total	817,432	55.1	88,406	45.1	102,201	52.9	52,525	59.1
Casino Departmental Income	$ 667,319	44.9	$107,448	54.9	$ 90,947	47.1	$ 36,312	40.9
Approximate Average Monthly Casino Revenue per Square Foot	$288		$272		$328		$218	
Approximate Average Monthly Casino Department Income per Square Foot	$129		$149		$155		$ 89	

*No income tax provision reflected on income statement.

Golden Nugget		Harrah's Marina		Playboy		Resorts International		Sands		Tropicana	
December 1980		November 1981		April 1981		May 1978		August 1980		November 1981	
$	%	$	%	$	%	$	%	$	%	$	%
$183,180	87.1	$175,093	86.3	$140,927	84.9	$215,024	84.9	$144,236	88.3	$148,452	86.2
55,298	26.3	49,120	24.2	47,868	28.9	62,054	24.5	41,936	25.1	43,695	25.4
(28,231)	(13.4)	(21,294)	(10.5)	(22,926)	(13.8)	(23,792)	(9.4)	(21,836)	(13.4)	(20,048)	(11.6)
210,247	100.0	202,919	100.0	165,869	100.0	253,286	100.0	163,436	100.0	172,099	100.0
148,894	70.8	137,216	67.7	143,958	86.8	197,786	78.1	130,784	80.0	154,448	89.8
12,431	5.9	18,106	8.9	13,652	8.2	841	.3	12,126	7.4	24,267	14.1
7,437	3.5	9,993	4.9	8,193	4.9	13,863	5.5	6,005	3.7	9,683	5.6
2,253	1.1	(968)	(.5)	10,837	6.5	7,602	3.0	(723)	(.4)	(1,362)	(.8)
18,593	8.9	(*)				16,400	6.5	1,222	.7		
189,608	90.2	164,347	81.0	176,640	106.4	236,492	93.4	149,414	91.4	187,036	108.7
$ 20,639	9.8	$ 38,572	19.0*	($ 10,771)	(6.4)	$ 16,794	6.6	$ 14,022	8.6	($ 14,937)	(8.7)
41,000		45,000		52,000		60,000		38,000		51,000	
$106,006	57.9	$ 78,539	44.9	$ 73,691	52.3	$114,388	53.2	$ 86,125	59.7	$ 78,230	52.7
77,174	42.1	96,554	55.1	67,236	47.7	100,636	46.8	58,111	40.3	70,222	47.3
183,180	100.0	175,093	100.0	140,927	100.0	215,024	100.0	144,236	100.0	148,452	100.0
29,910	16.3	28,920	16.5	28,805	20.4	34,596	16.1	25,420	17.6	31,516	21.2
64,087	35.0	48,287	27.6	69,448	49.3	87,052	40.5	55,123	38.2	71,136	47.9
93,997	51.3	77,207	44.1	98,253	69.7	121,648	56.6	80,543	55.8	102,652	69.1
$ 89,183	48.7	$ 97,886	55.9	$ 42,674	30.3	$ 93,376	43.4	$ 63,693	44.2	$ 45,800	30.9
$372		$361		$226		$299		$316		$243	
$181		$181		$ 68		$130		$140		$ 75	

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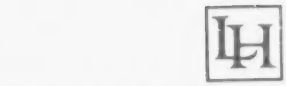

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